



ARIZONA STATE SENATE
Fifty-Fifth Legislature, Second Regular Session

REVISED
AMENDED
FACT SHEET FOR S.B. 1148

vehicle sale price; VLT

Purpose

Determines the vehicle license tax (VLT) for outlined motor vehicles sold in Arizona based on the original actual retail sales price, rather than the manufacturer's base retail price.

Background

A VLT is constitutionally required for each year of a vehicle's registration ([Ariz. Const. art. 9, § 11](#)). At the time of application for, and before registration each year of, a motor vehicle, the registering officer must collect the VLT. During the first 12 months of the life of the vehicle as determined by its initial registration, the VLT is based on each \$100 in value which is 60 percent of the manufacturer's base retail price and decreased by 16.25 percent each year ([A.R.S. § 28-5801](#)).

For motor vehicles that are privately owned and exclusively operated as school buses or for ambulance and firefighting services, the registering officer must collect an annual VLT of \$4 for each \$100 in value. During the first 12 months of the motor vehicle, the value is 1 percent of the manufacturer's base retail price, decreased by 15 percent each year (A.R.S. §§ [28-5804](#) and [28-5806](#)).

For alternative fuel motor vehicles, the value of the motor vehicle is: 1) if registered before January 1, 2022, 1 percent of the manufacturer's base retail price; and 2) if initially registered between January 1, 2022, and December 31, 2022, 20 percent of the manufacturer's base retail price. The value is decreased by 15 percent each year. If purchased beginning January 1, 2023, the VLT of an alternative fuel motor vehicle is calculated in the same manner as for a motor vehicle that is not an alternative fuel motor vehicle ([A.R.S. § 28-5805](#)).

The Joint Legislative Budget Committee (JLBC) fiscal note estimates an increase to VLT revenue by \$3,500,000 annually through the next one to three years. Following the short-term increase in VLT revenue, JLBC estimates that S.B. 1148 would reduce annual VLT revenues by \$12,500,000 and, if all VLT payments are based on a sales price under typical market conditions, VLT revenues would be reduced by \$69,900,000 annually ([JLBC fiscal note](#)).

Provisions

1. Determines the VLT based on the original actual retail sales price, rather than the manufacturer's base retail price, for the following, if sold in Arizona:
 - a) motor vehicles;
 - b) privately owned motor vehicles that operate exclusively as school buses;

- c) alternative fuel motor vehicles; and
 - d) privately owned motor vehicles used solely for providing ambulance or firefighting services.
2. Applies the original actual retail sales price determination relating to VLT only to vehicles sold in Arizona and after the general effective date.
 3. Makes technical changes.
 4. Becomes effective on the general effective date.

Amendments Adopted by Committee

1. Requires the VLT for outlined vehicles sold in Arizona to be based on the original actual retail sales price, rather than actual sale price.
2. Applies the original actual retail sales price determination relating to VLT only to vehicles sold in Arizona after the general effective date.
3. Requires VLT for vehicles sold out-of-state to be based on the manufacturer base retail price.
4. Makes technical and conforming changes.

Revisions

- Updates the fiscal impact statement.

Senate Action

APPROP 2/22/22 DPA 6-4-0

Prepared by Senate Research

March 2, 2022

LMM/sr